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EXCON

Proposal under study here to seek NAC review trade controls QUOTE in order insure that security and strategic aspects of this vital Western cold-war instrument are accorded proper emphasis vis-a-vis economic and commercial considerations END QUOTE (EDAC D-135 June 26). Formal organizational tie-in CG and NATO excluded from consideration view complications, e.g. Japan not member NATO. Under proposal following would be referred ECONAD: a) Identify key resources, commodities and services which are sufficient bridge gap between military/logistic requirements Sino-Soviet bloc and bloc's ability meet requirements; b) Do present COCOM criteria permit application trade controls that will result in significant bottlenecks bloc's military/logistic capability; c) Can establishment such bottlenecks in Sino-Soviet bloc reduce NATO's cost maintaining security.

USRO prelim views requested including following points, but other PCs should not rpt not be consulted:

1. Competence NAC handle such questions particularly since Far Eastern

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aspects involved.

2. Probable reaction other PCs such proposal.

3. Would such review be likely accentuate strategic and minimize commercial considerations, or might current PC positions simply be carried over into NAC review.

4. Special attention possible UK positions. Does ~~USCIB~~ ^{USCIB} see any possibility and that, then ^{for} UK might urge that ~~USCIB~~ NATO primarily concerned with military aspects defense, current trade control criteria should be further QUOTE refined UNQUOTE and items not directly concerned with military operations be deleted from lists? Possibility UK introducing thermonuclear concept?

5. Might we be referring to NAC such a divisive issue as do more harm NATO than possible good trade controls?

6. Probable reaction Japanese IEL to review proposal.

Additional comment invited. Prelim tel reply requested before July 19.

Tokyo comments requested item 6 with no repeat no consultation Japanese Govt.

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